United Nations DP/2003/23

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
31 March 2003

Original: English

Annual session 2003
6 - 20 June 2003, New York
Item 18 of the provisional agenda
Other matters

Global Environment Facility: Note by Administrator on the Beijing Declaration of the Second GEF Assembly

Summary

The present report sets forth amendments to the Instrument for the Establishment of the Restructured Global Environment Facility and outlines the implications for UNDP of two new focal areas.

Elements of a decision

The UNDP Executive Board may wish to adopt the amendments to the GEF Instrument. Since they have already been adopted by UNEP, the World Bank and the GEF Trustee, following their adoption by UNDP, the amendments will enter into force and developing countries will be able to access the corresponding resources.

Contents

		Paragraphs	Page
I.	Background and purpose	1-4	2
II.	Amendments to the Instrument for the Establishment of the Restructured Global Environment Facility	5-8	3
III.	Implications for UNDP of the two new focal areas	9-14	4

03-30792 (E) 040403 040403

I. Background and purpose

1. The Global Environment Facility (GEF) is a major catalyst for improving the global environment. Following a three-year pilot phase, the GEF was formally launched in 1994 to forge cooperation and to finance actions that address four critical threats: biodiversity loss, climate change, degradation of international waters and ozone layer depletion. It has served as the designated financial mechanism for the biodiversity and climate change conventions. It was set up as a partnership between the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank, which are also its implementing agencies. The GEF is managed by a Council of 32 members – 16 from developing countries, 14 from industrialized nations and two from economies in transition. Twenty-two members represent constituencies comprising anywhere from 3 to 16 countries each.

2. During its first decade (1991-2001), the GEF approved $4.2 billion in grants covering over 160 developing countries and economies in transition. An additional $11 billion in co-financing was mobilized. In 1999, the GEF expanded the opportunity for seven executing agencies to work under the GEF; three were United Nations system agencies: the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and the United Nations Industrial Development Organization (UNIDO), and four were regional development banks: the African Development Bank (AfDB), the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank (IADB).

3. The cumulative portfolio of UNDP under the GEF amounts to $1.38 billion in grants and over $2 billion in co-financing has been raised. Biodiversity (37.6 per cent) and climate change (34.6 per cent) account for almost three-quarters of our programme, international waters follow (16.6 per cent), then multifocal areas (9.5 per cent) and ozone layer protection (1.6 per cent). The UNDP programme in persistent organic pollutants (POPs) has just started, and land degradation is at present covered as a cross-cutting theme in 123 projects in 77 countries. At the country level, UNDP is engaged in GEF activities in 140 countries; the portfolio comprises 2 400 completed and ongoing projects with almost 300 non-government organizations (NGOs) participating directly in large projects alone. UNDP is supporting over 80 countries in their preparation of country strategies, action plans and national communications under the biodiversity and climate change conventions.

4. UNDP is implementing two corporate programmes on behalf of the GEF family. The GEF Small Grants Programme (SGP) provides grants under $50 000 directly to non-governmental and community-based organizations for initiatives that conserve and restore the natural world while enhancing local livelihoods. The SGP is active in 64 countries and has supported 3 780 projects; over 600 organizations worldwide have joined in supporting SGP projects. The interim evaluation of the SGP programme has highlighted its effectiveness. The GEF Country Dialogue Workshops programme (CDW) promotes country ownership of the GEF and builds awareness through targeted, multi-stakeholder workshops (aimed at national and local governments, NGOs, academic and scientific communities, private sector, donor organizations, the media, etc.), which engage the countries in a direct

dialogue on national priorities and the GEF. UNDP has organized 43 CDW workshops so far, covering 65 countries and over 4 000 participants.

II. Amendments to the Instrument for the Establishment of the Restructured Global Environment Facility

5. The Beijing Declaration of the Second GEF Assembly, held in Beijing, China, during 16-18 October 2002, welcomed the $2.966 billion replenishment of the GEF for the four-year period 2003-2006. It also adopted several decisions, including the following:

(a) that land degradation (primarily desertification and deforestation) and persistent organic pollutants (POPs) be two new focal areas of the GEF and that the Assembly approves the amendment of the GEF Instrument in this regard;

(b) that country drivenness and country ownership are essential to the success of GEF activities, which should be consistent with national priorities and integrated into national planning frameworks.

6. The GEF Instrument requires that any amendments thereto approved by the GEF Assembly be submitted to the Boards of the three Implementing Agencies (UNDP, UNEP and the World Bank) for adoption, as well as to the GEF Trustee. The GEF Instrument to be amended was adopted by the UNDP Executive Board in its decision 94/10.

7. The following amendments to the GEF Instrument, approved by consensus at the Second GEF Assembly in October 2002, are submitted to the UNDP Executive Board for its consideration and adoption. The original text is provided; the amendments are shown in italics:

A. Amend paragraph 2 by adding two new subparagraphs (e) and (f). Paragraph 2 would thus read as follows:

"2. The GEF shall operate, on the basis of collaboration and partnership among the Implementing Agencies, as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas:

(a) climate change;

(b) biological diversity;

(c) international waters;

(d) ozone layer depletion;

(e) land degradation, primarily desertification and deforestation; and

(f) persistent organic pollutants."

B. Revise paragraph 3 completely to read as follows:

"The agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the above focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under

Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they achieve global environmental benefits by protecting the global environment in the focal areas."

C. Insert a new third sentence and amend the following sentence in paragraph 6, so that the revised paragraph would read as follows:

6. In partial fulfillment of its purposes, the GEF shall, on an interim basis, operate the financial mechanism for the implementation of the United Nations Framework Convention on Climate Change and shall be, on an interim basis, the institutional structure which carries out the operation of the financial mechanism for the implementation of the Convention on Biological Diversity, in accordance with such cooperative arrangements or agreements as may be made pursuant to paragraphs 27 and 31. The GEF shall be available to continue to serve for the purposes of the financial mechanisms for the implementation of those conventions if it is requested to do so by their Conferences of the Parties. *The GEF shall also be available to serve as an entity entrusted with the operation of the financial mechanism of the Stockholm Convention on Persistent Organic Pollutants. In such respects, the GEF shall function under the guidance of, and be accountable to, the Conferences of the Parties which shall decide on policies, program priorities and eligibility criteria for the purposes of the conventions.* The GEF shall also be available to meet the agreed full costs of activities under Article 12, paragraph 1, of the United Nations Framework Convention on Climate Change.

D. Amend and expand paragraph 21(f) to read as follows:

"Coordinate with the Secretariats of other relevant international bodies, in particular the Secretariats of the conventions referred to in paragraph 6, the Secretariats of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund and the United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa."

8. The Amendments to the GEF Instrument enter into force once all three implementing agencies and the GEF Trustee have approved them. The Board of Executive Directors of the World Bank approved the amendments on 19 December 2002 on its own behalf and on behalf of the GEF Trustee, and the UNEP Governing Council approved the amendments at its 22nd session in February 2003 (decision 22/19). Following approval by the UNDP Executive Board, the amendments will become effective and the amended Instrument will be published.

III. Implications for UNDP of the two new focal areas

9. UNDP has focused its GEF activities on providing technical cooperation assistance to a wide range of eligible programme countries. Its main focus has been on capacity development and creating an enabling policy and legislative environment to address threats to the global environment. The recently concluded independent evaluation of the GEF highlighted the positive results achieved by the GEF in the four focal areas. It found that the GEF programme of UNDP had demonstrated significant results in capacity development and in supporting countries in the formulation and review of policies and legislation. UNDP is

addressing global environmental threats while pursuing integrated strategies for sustainable development, and projects are designed so as to contribute to poverty alleviation by safeguarding and protecting the natural resources on which the poor depend.

10. As part of the Environmentally Sustainable Development Group, the GEF activities of UNDP are tightly integrated into our core activities, mainstreaming global environmental concerns into governance, poverty reduction and other areas. This is a major contribution of UNDP as an Implementing Agency of the GEF.

Land degradation

11. The GEF programme of UNDP has been handling land degradation issues in the context of its biodiversity and climate change focal areas since its inception. By the end of 2000, an estimated $210 million of GEF project funding had been applied to land degradation issues. In December 2001 the GEF Council recommended a fundamental change in the way land degradation was addressed in the GEF. It agreed to recommend to the Second GEF Assembly an amendment to the Instrument to designate land degradation – primarily desertification and deforestation – as a separate focal area in order to enhance GEF support to the implementation of the United Nations Convention to Combat Desertification. This designation is expected to optimize the global environment benefits of sustainable land management in arid, semi-arid, sub-humid, and humid areas of the world, since inappropriate land use practices are among the main causes of such global environmental problems as the widespread degradation of land and forests, loss of biodiversity, increased carbon emissions, and degradation of national and trans-boundary bodies of both surface water and groundwater.

12. The Associate Administrator of UNDP, addressing the GEF Council on this agenda item in December 2001, emphasized the critical nature of the problem, especially in Africa, and the urgent need for amendment of the GEF Instrument to facilitate this targeted assistance. Following adoption of the amended GEF Instrument, land degradation, as a new focal area, will have dedicated funding expected to total approximately $250 million over the period 2003-2006. UNDP expects to submit for GEF funding several projects, the majority in Africa, to combat land degradation over the period, further building on the work being undertaken by Drylands Development Centre of UNDP in Nairobi. In addition, there are numerous synergies that will be strengthened through both the country offices and the policy specialists based in the nine sub-regional resource facilities (SURFs), as well as the knowledge networks that UNDP has established over the past two years. UNDP will also be developing modalities for collaboration with agencies such as IFAD, FAO, the United Nations Environment Facility (UNEP), the World Bank and UNIDO, to access technical expertise and leverage financial resources for national-level capacity building and technical assistance projects.

Persistent organic pollutants

13. Persistent organic pollutants (POPs) are long-lasting toxic substances that are produced and released into the environment by human activity. Examples are pesticides, industrial chemicals and the unwanted by-products of certain chemical and combustion processes. Once they enter the environment, they persist for an extended period of time and can contaminate food, water, air and soil, with associated effects on human health and productivity, critical ecosystems and

socioeconomic development. On 23 May 2001, the Stockholm Convention on Persistent Organic Pollutants was signed by over 90 nations. The GEF has been designated as the financial mechanism for this convention and the Second GEF Assembly designated POPs as a new focal area for the GEF. Following adoption of the amended GEF Instrument, POPs will have dedicated funding expected to total approximately $250 million over the period 2003-2006.

14. Most UNDP programme countries are only just beginning to incorporate POPs-related health and environmental issues into their sectoral planning, policies, legislation and institutions. For example, 80 countries have taken action to ban or severely restrict the use of each of the nine POPs pesticides. The role of UNDP is to ensure the adoption of legal, policy and institutional reforms; training, education and awareness raising; transfer of best available techniques (BATs) and best environmental practices (BEPs); technology transfer; and strengthening scientific and technical capacities. The new focal area will mesh with existing UNDP programmes on integrated pest management and sustainable agriculture, as well as with ongoing programmes in the climate change, land degradation and international waters programmes. UNDP has reached preliminary agreement with UNEP, UNIDO, the World Bank, FAO, United Nations Institute for Training and Research (UNITAR), and the World Health Organization (WHO) on modalities for accessing technical expertise from each of these agencies in support of the POPs-enabling activities of UNDP. This will allow countries to start developing plans, prepare initial inventories, and build capacity to meet future Convention obligations.